

COMMONWEALTH OF KENTUCKY

BEFORE THE ENERGY REGULATORY COMMISSION

In the Matter of:

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| THE APPLICATION OF KENTUCKY UTILITIES |) | |
| COMPANY FOR A CERTIFICATE OF CONVENIENCE |) | |
| AND NECESSITY TO APPLY FOR AN ELECTRIC |) | CASE NO. 7690 |
| FRANCHISE FROM THE LEXINGTON-FAYETTE |) | |
| URBAN COUNTY GOVERNMENT, KENTUCKY |) | |

ORDER GRANTING CERTIFICATE OF CONVENIENCE
AND NECESSITY TO APPLY FOR FRANCHISE

On the 2nd day of January, 1980, Kentucky Utilities Company ("KU") filed with the Commission its application seeking a certificate of convenience and necessity to qualify it to bid on an electric franchise from the Lexington-Fayette Urban County Government. Under the provisions of KRS 278.020(3), no utility may apply for a franchise from any governmental agency until it has obtained a certificate of convenience and necessity from this Commission based on our finding that there is a need and demand for the service sought to be rendered.

Upon examination of the materials filed by the Applicant, and with reference to Applicant's annual reports which are required to be on file with this Commission, the Commission FINDS that Kentucky Utilities Company has been providing electrical service to the City of Lexington and its immediate environs since 1940, and that it is presently serving approximately 78,000 customers in the Lexington-Fayette County area.

The Commission FURTHER FINDS that there is a need and demand for electric service in the Lexington-Fayette County area. Since the Commission's authority in such matters is limited by statute to finding only whether there is a need and demand for the service offered, no finding or determination is made as to the validity of any of the provisions of the franchise offered by the Lexington-Fayette Urban County Government or the manner in which any franchise fee is to be treated for rate purposes.

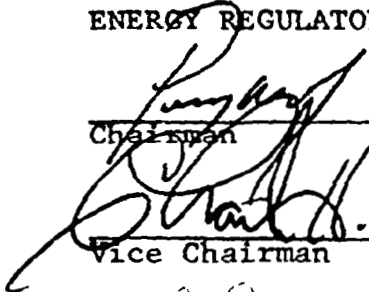
It is therefore ORDERED that Kentucky Utilities Company be and it hereby is granted a certificate of convenience and necessity which authorizes it to bid on an electric franchise in the Lexington-Fayette Urban County Government territory.

It is FURTHER ORDERED that Kentucky Utilities Company, if it becomes the successful bidder, file with this Commission a copy of the said franchise.

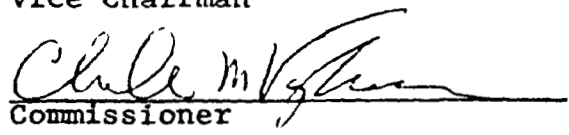
It is FURTHER ORDERED that this Order shall not be construed as granting a certificate of convenience and necessity to construct utility facilities in said Lexington-Fayette Urban County Government.

Done at Frankfort, Kentucky, this 22nd day of January, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary